

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1929 – SB 2115

February 16, 2014

SUMMARY OF ORIGINAL BILL: Sets minimum standards in order for a student to receive in-state tuition at a Tennessee Board of Regents or University of Tennessee institution. Requires a student to be classified as a Tennessee resident. Requires the student to be a citizen of the United States; have resided in Tennessee for at least one year prior to admission; have graduated from a Tennessee public high school; or have graduated from a Tennessee private secondary school approved by the State Board of Education and classified as a Category I, II, or III; or have earned a Tennessee High School Equivalency Diploma.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue – Net Impact –

\$149,200/FY14-15/Higher Education Institutions

\$158,200/FY15-16/Higher Education Institutions

Exceeds \$167,700/FY16-17 and Subsequent Fiscal Years/Higher
Education Institutions

SUMMARY OF AMENDMENT (012545): Deletes and replaces subsections (b) in Sections 1 and 2 of the original bill that effectively sets minimum standards for a student to receive in-state tuition at a Tennessee Board of Regents (TBR) or University of Tennessee (UT) institution. Requires the student be classified as a Tennessee resident for at least one year prior to admission; have graduated from a Tennessee public high school or private high school located within the state; or have earned a Tennessee High School Equivalency Diploma. Declares that the bill does not prohibit TBR and UT from establishing other reasonable and appropriate rules or regulations that define additional categories of residents.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

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Assumptions for the bill as amended:

- According to TBR and UT, students with foreign-born parents who are undocumented aliens and unemancipated students who have remained in Tennessee while their parents have moved out of the state will be eligible to receive in-state tuition.
- With a six percent annual increase in tuition, the average difference in FY14-15 between in-state and out-of-state tuition is estimated to be \$16,268 at a TBR university; \$11,620 at a community college; and \$16,727 at a UT institution.
- TBR estimates that 56 students currently enrolled within the TBR system will be eligible to receive in-state tuition; 28 at a university and 28 at a community college.
- UT estimates that 14 currently enrolled students will be eligible to receive in-state tuition.
- In FY14-15, the decrease in state revenue is estimated to be \$1,015,042 $[(\$16,268 \times 28) + (\$11,620 \times 28) + (\$16,727 \times 14)]$.
- TBR estimates that an additional 164 students will enroll at a TBR institution as a result of this bill; 82 at a TBR university and 82 at a community college.
- UT estimates an additional 43 students will enroll at a UT institution as a result of this bill.
- With a six percent annual increase in tuition, in-state tuition in FY14-15 is estimated to be \$6,655 at a TBR university; \$3,714 at a community college; and \$7,303 at a UT institution.
- In FY14-15, the increase in state revenue for TBR is estimated to be \$850,258 $[(82 \times \$6,655) + (82 \times \$3,714)]$.
- In FY14-15, the increase in state revenue for UT is estimated to be \$314,029 $(43 \times \$7,303)$.
- In FY14-15, the net increase in state revenue to higher education institutions is estimated to be \$149,245 $[(\$850,258 + \$314,029) - \$1,015,042]$.
- With a six percent annual increase in tuition, the net increase in state revenue in FY15-16 to higher education institutions is estimated to be \$158,200 $(\$149,245 \times 106.0\%)$.
- In FY16-17 and subsequent fiscal years, the net recurring increase in state revenue to higher education institutions is estimated to exceed \$167,692 $(\$158,200 \times 106.0\%)$.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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